



Annual Adjustments & Cyclical Reassessment

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July 2014



Outline

- The Assessment Process
- Annual Adjustments
- Assessment Date and Valuation Date
- Appeals Process
- Cyclical Reassessment



The Assessment Process

- Indiana Constitution requires fair and equitable property tax assessments.
- As a result of an Indiana Supreme Court ruling, the “old” assessment process/methodology was unconstitutional and ordered that a different standard be used.
- General Assembly ordered property be assessed using “Market Value-In-Use.”



Annual Adjustments

Trending (*i.e. annual adjustment*)

- Property values are adjusted (the adjustment can be positive or negative) on an annual basis to bring them closer to market value-in-use. The assessing official uses sales of properties in a neighborhood, area, or class of property from the previous fourteen (14) months to determine the adjustment factor.
- In the past, assessed values were adjusted only after a reassessment, which came as far apart as 10 years. Trending now occurs every year.



Assessment Date and Valuation Date Relationship

- The assessment date and the valuation date are both March 1 of a given year. Per SEA 420 -2014, it will change to January 1 starting in 2016.
- Real property is valued taking into account its physical characteristics and condition, and the market in existence on the assessment date.
- This value is trended to reflect the property's market value-in-use on that date.
- "What would a potential buyer have paid on the assessment/valuation date for the property as it physically looked given the market conditions that existed on that date?"



No Change for Change's Sake

- Under the Annual Adjustment process, the Assessor does not need to change the assessment of every property every year.
- They should only adjust assessments when:
 - there is a “clear indication based on market evidence” that valuations no longer meet assessment level and uniformity standards, or
 - there are “significant physical changes” to property.



Period From Which Sales are Drawn

- The county assessor shall use sales of properties occurring during a time period as short as possible and, ideally no more than 14 months before the March 1 assessment date (e.g. Jan. 1, 20xx – March 1, 20xy).
- A longer period may be required to produce a representative sample for each class within the county.



Adjustments to Sales Price on Sales Disclosure Form

- Adjustments must be documented on the sales disclosure form (e.g. personal property, seller paid points, etc.).
- Sales used in the ratio study must be screened to ensure they reflect market value-in-use of the real property transferred.
- The county should take position that all sales are candidates for ratio study...
...unless **“sufficient and compelling information”** can be documented to show otherwise.



Appeals Process

- The taxpayer/assessor must explain how the evidence relates to property's market value-in-use as of the valuation date.
- The taxpayer appeal must establish a “prima facie” case proving both:
 - the current assessment is incorrect; and
 - what the correct assessment should be.
- However, if the assessed value increased over 5% from the previous year, the burden of proof is on the assessor.



General Concepts of Reassessment

- **Purpose:** To produce accurate and uniform values throughout an assessment jurisdiction and across all classes of property.
- **Place:** Real property is assessed at the place where it is situated. Per IC 6-1.1-2-4 (b) and (c), real property is assessed to the person liable.



Cyclical Reassessment

- Starting July 1, 2014, the State will begin the process of a “cyclical reassessment.”
- The basic premise of cyclical reassessment is to apportion reassessment activities, including the inspection and updating of parcels and parcel characteristics in an assessment jurisdiction, over a four-year period instead of the familiar twenty-month timeframe. This will allow reassessment work and expenses to be spread more consistently and predictably over a longer period of time, facilitating better assessment practices.



Cyclical Reassessment

- **The following are the effective dates for the cyclical reassessment:**
 - July 1, 2013: The county assessor must have submitted their cyclical reassessment plan to the DLGF.
 - March 1, 2014: The Department must have reviewed and approved the plan before this date.
 - July 1, 2014: The reassessment of the first 25% of the parcels within each property class within the county starts.
 - January 1, 2015: The reassessment of the first 25% of the parcels must be completed (per SEA 420 – 2014).



Cyclical Reassessment

- May 1, 2015: The reassessment of the second 25% of the parcels within each property class within the county starts (per SEA 420 – 2014).
- January 1, 2016: The reassessment of the second 25% of the parcels must be completed.
- May 1, 2016: The reassessment of the third 25% of the parcels within each property class within the county starts.
- January 1, 2017: The reassessment of the third 25% of the parcels must be completed.



Cyclical Reassessment

- May 1, 2017: The reassessment of the fourth 25% of the parcels within each property class within the county starts. Note: IC 6-1.1-4-4.2 (a) states the county assessor must submit a cyclical reassessment plan “before July 1 of every fourth year thereafter.” Hence, the county assessor must submit the plan for the next four year cyclical reassessment before this date. Per SEA 420, it is May 1.
- January 1, 2018: The reassessment of the fourth 25% of the parcels must be completed.
- May 1, 2018: The reassessment of the first 25% of the parcels within each property class within the county for the next four year cyclical reassessment starts.



Physical Inspection

- Property characteristics data must be updated in response to changes from new construction, new parcels, remodeling, demolition, and destruction.
- All property characteristics must be inspected and verified during a visit to the property.



Notice of Assessment

- When the assessor assesses/reassesses any real property, they must give notice to the taxpayer, by mail, of the amount of assessment/reassessment (e.g., Form 11).
- During a period of general or cyclical reassessment, each township or county assessor shall mail the required notice of assessment within ninety (90) days after the assessor:
 - completes the appraisal of a parcel; or
 - receives a report for a parcel from the professional appraiser.



Contact the Department

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